



Recycle Credit/Deduction

MONTANA
RCYL
Rev. 8-04

Instructions on back

15-32-602 and 15-32-610, MCA

Name _____
(as shown on Montana individual income tax Form 2, or Montana corporation license tax Form CLT-4)

Business name (if different from above) _____

Social Security Number or Federal Employer Identification Number _____

Check one ☐ C. corporation ☐ S. corporation ☐ Partnership ☐ Sole proprietorship

Part I - Qualifications

1. Was the qualifying machinery/equipment purchased on or after the first day of the current taxable year and before the last date of the current taxable year? ☐ Yes ☐ No
If you answer "no" to question 1, stop here. You do not qualify.
2. Is the machinery/equipment used in Montana primarily for collections or processing reclaimed material? ☐ Yes ☐ No
3. Is the machinery/equipment used in Montana primarily for the manufacturing of finished products from reclaimed materials? ☐ Yes ☐ No
4. Is the machinery/equipment used to treat soils contaminated by hazardous wastes? ☐ Yes ☐ No
5. Was the machinery/equipment located and operating in Montana on the last day of the taxable year for which the credit is claimed? ☐ Yes ☐ No
If you answer "no" to questions 2, 3, and 4 or "no" to question 5, go to Part IV. You do not qualify for the credit.

Part II - For equipment used in Montana

6. Type and purpose of equipment _____
7. Date of purchase _____ (Please provide copy of sales receipt)
8. Cost of equipment (the total cost of equipment in Part II and Part III may not exceed \$1,000,000) \$ _____
9. Computation of credit (multiply the cost of the equipment by the following percentages):
Multiply the first \$250,000 by 25% (.25)
Multiply the next \$250,000 by 15% (.15)
Multiply the next \$500,000 by 5% (.05)
Total Credit \$ _____

Part III - For qualifying specialized mobile equipment used in and out of Montana

10. Type and purpose of equipment _____
11. Date of purchase _____ (please provide copy of sales receipt)
12. Cost of equipment (the total cost of equipment in Part II and Part III may not exceed \$1,000,000) \$ _____
13. Number of days used in Montana _____
14. Total days used for the year _____
15. Divide amount on line 13 by amount on Line 14 _____
16. Computation of credit:
Multiply the ratio on line 15 by 25% (.25) then multiply the first \$250,000 of line 12
Multiply the ratio on line 15 by 15% (.15) then multiply the next \$250,000 of line 12
Multiply the ratio on line 15 by 5% (.05) then multiply the next \$500,000 of line 12
Total Credit \$ _____

17. Total Credit Available (Amount from line 9 and/or line 16)

Enter this amount on Schedule II, Form 2A, for individuals or Schedule C, Form CLT-4 for corporations \$ _____
Amount of credit may not exceed tax liability.

Part IV - Deduction for purchase of recycled material

18. Type of recycled material purchased _____
19. Cost of recycled material \$ _____
20. Multiply the amount on line 19 by 10% (.10) and enter the result here. This is the amount of your additional deduction.
Enter on line 35, Form 2, for individuals and page 2, line 3c, Form CLT-4, for C. corporations \$ _____

When you file your Montana income tax return electronically you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

Definitions

“Collect” is the collection and delivery of reclaimed materials to a recycling or reclaimable materials processing facility.

“Machinery or equipment” is property having a depreciable life of more than one year. The machinery or equipment collects or processes reclaimable material or is used in the manufacturing of a product from reclaimed material.

“Reclaimable material” is material that has useful physical or chemical properties after serving a specific purpose and that is normally disposed of as solid waste by a consumer, processor or manufacturer. Material may not be considered reclaimed by the consumer, processor or manufacturer that generated the material.

“Recycled material” is a substance that is produced from reclaimed material. Reclaimed material collected, processed or used to manufacture a product may not be an industrial waste generated by the person claiming the tax credit.

Instructions For Recycling Credit

This credit is available to certain C. corporations, S. corporations, partnerships and individuals that qualify.

The tax credit is available only for the procurement of machinery and/or equipment that is depreciable (Defined in IRS Code Section 167). The machinery and/or equipment must be used in Montana; primarily for the collection or processing of reclaimable material or in the manufacturing of finished products from reclaimed material or to treat soils contaminated by hazardous wastes.

The basis for the credit is generally the cost of the property before consideration of trade-in equipment. An exception to this is the basis shall be reduced by any trade-in upon which this credit has previously been taken. This includes the purchase price, transportation cost (if paid by the purchaser) and the installation cost before depreciation or other reductions. This credit does not increase or decrease the basis for tax purposes.

Recycling machinery and/or equipment must be located and operating in Montana on the last day of the taxable year for which the credit is claimed. The machinery or equipment must be used to collect, process, separate, modify, convert or treat solid waste into a product that can be used in place of a raw material for productive use or to treat soils contaminated by hazardous wastes. This does not include transportation equipment unless it is specialized to the point that it can only be used to collect and process reclaimable material.

The owners of a small business corporation or partnership must prorate the credit in the same proportion as their ownership in the business unless an agreement states otherwise.

Only a taxpayer that owns an interest either directly or through a pass-through entity such as a partnership or S. corporation and is operating the equipment as the primary user on the last business day of the year may claim the credit.

The credit is limited to the the amount of the taxpayer's income or corporation tax liability. Any excess credit resulting from a sale or lease when the overriding purpose of the transaction is not to collect or process reclaimable material or manufacture a product from reclaimed material.

The Department of Revenue may disallow a credit resulting from a sale or lease when the overriding purpose of the transaction is not to collect or process reclaimable material or manufacture a product from reclaimed material.

Instructions for Recycling Deduction

A taxpayer may deduct an additional amount equal to 10% of the taxpayer's expenditures for the purchase of recycled material that was otherwise deductible by the taxpayer as business-related expense in Montana.

Mail to: Montana Department of Revenue, PO Box 5805, Helena, MT 59604-5805

Questions? Please call (406) 444-6900 or TDD (406) 444-2830 for hearing impaired. ☎